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FIRST MARITIME MINING CORPORATION
LIMITED

(NO PERSONAL LIABILITY)

**ANNUAL
REPORT
1966**



FIRST MARITIME MINING CORPORATION

LIMITED

(NO PERSONAL LIABILITY)

DIRECTORS

M. J. BOYLEN, D.C.L., D.Sc.	Toronto 18, Ontario.
ROBERT J. ISAACS, B.A.Sc., P.Eng.	Islington, Ontario.
J. HARPER KENT	Bathurst, New Brunswick.
GILBERT KERLIN	New York City, U.S.A.
HUGH H. MACKAY	Toronto, Ontario.
WALLACE D. MACAULAY	Fredericton, New Brunswick.
WILLIAM A. ROBINSON	Toronto, Ontario.

OFFICERS

M. J. BOYLEN, D.C.L., D.Sc.
ROBERT J. ISAACS, B.A.Sc., P.Eng.
GILBERT KERLIN
GORDON L. MOORE
CHARLES B. BRANNIGAN

President
Vice-President
Vice-President
Secretary-Treasurer
Assistant-Treasurer

TRANSFER AGENTS

GUARANTY TRUST COMPANY
OF CANADA
and %
THE CENTRAL TRUST COMPANY
OF CANADA

Toronto, Ontario and
Montreal, Quebec,

Fredericton,
New Brunswick.

BANKERS

THE BANK OF NOVA SCOTIA

AUDITORS

SNYDER, CRAIG & Co.
CHARTERED ACCOUNTANTS

Toronto, Ontario.

HEAD OFFICE

TOWN OF BATHURST, NEW BRUNSWICK

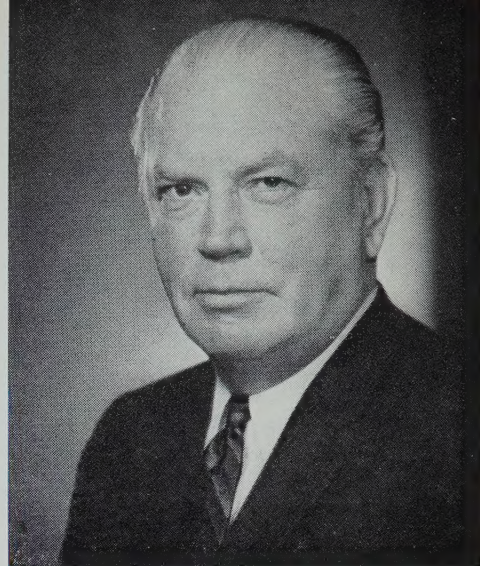
EXECUTIVE OFFICE

SUITE 908 - 330 BAY STREET, TORONTO, ONTARIO.

MINE OFFICE

TILT COVE MINE: Tilt Cove, Newfoundland.
GULLBRIDGE MINE: Gull Pond, Newfoundland.

Directors' Report



M. J. BOYLEN, D.C.L., D.Sc.,
President

TO THE SHAREHOLDERS:

The Fourteenth Annual Report of the Company covering its operations for the year ended December 31, 1966 is submitted for your consideration. The audited financial statements of the wholly owned subsidiaries of the Company, Gullbridge Mines Limited, and Tilt Cove Power Corporation Limited, for the year ended December 31, 1966 are included herein and form a part of this Annual Report.

During the year your Company advanced to its wholly owned subsidiary, Gullbridge Mines Limited, \$3,710,470. to complete its construction programme and develop its mining facilities. As at December 31st, 1966, the total amount of \$7,261,930. has been advanced to this subsidiary.

► HOLDINGS IN OTHER COMPANIES

Your Company's equity in other Canadian corporations as at December 31, 1966, is listed below:

	<i>No. Shares</i>	<i>Percent Ownership</i>
Brunswick Mining and Smelting Corporation Limited	1,933,353	22.6
Gullbridge Mines Limited, Class B	2,500,000	100.0
Gullbridge Mines Limited, Class A	500,000	100.0
Tilt Cove Power Corporation Limited	500,000	100.0
Newfoundland Gull Lake Mines Limited	3,645,005	100.0

THE TILT COVE MINE

► EARNINGS

At the close of business for 1965 the inventory of copper concentrates was calculated at the established price of 43.467¢ per pound. The price rose sharply during 1966 and the Company realized a gain of \$294,000 on the production of the prior year which remained unsold in that year. Due to a prolonged shipping season in 1966, it was possible to completely clean the concentrate storage shed at the mine for the first time since the commencement of production during which time a loss factor was used and the clearing of the storage afforded an opportunity to adjust this factor resulting in \$306,000. The amount realized from prior year's production and adjustment of loss factor totalling \$600,000 was in excess of the amount spent on various exploratory measures throughout the year and reflects that without these adjustments which are included in the 1966 profit in the following comparison, the operating loss at the mine was \$35,000 with concentrate inventory priced at 49.7364¢ (December 1966 sales).

	1966 \$	1965 \$	1964 \$
Net operating profit	565,211	675,320	2,009,014
Less: Interest and Mining taxes, etc.	401,193	214,236	286,668
Net profit before Depreciation and amortization	164,018	461,084	1,722,346

► PRODUCTION

The Tilt Cove Mine was operated continuously throughout 1966; the second year of its fight for survival. Tonnage and grade were lower than in the previous year while operating expenses were slightly higher.

DIRECTORS' REPORT (cont'd)

Exploration on the east-west strike and depth extension was continued during the year. While several interesting situations were encountered, nothing of major significance has as yet been defined. In all, some \$365,000 were spent on various exploratory measures throughout the past year. Over the same period, additional tonnage of marginal mill feed was outlined in the vicinity of mine workings.

In March of 1967, a sizeable fall of ground in the West Mine Open Pit caused considerable damage to adjacent workings making some inaccessible without major rehabilitation expense. The effect of this damage coupled with recent downward trends in copper content as well as lower daily mine production and rising costs, will necessitate a cessation of operations during the current year.

The production results for the year as well as comparative results for the previous two years are summarized below:

	<u>1966</u>	<u>1965</u>	<u>1964</u>
Total tons treated (dry tons)	656,292	713,662	792,313
Average daily tonnage (dry tons)	1,798	1,955	2,165
Average copper content (%)	0.67	0.82	1.15
Average gold content (ozs./ton)	0.005	0.008	0.014
Total concentrate produced (dry tons)	18,999	25,594	41,871
Average copper content (%)	21.11	19.97	19.41
Pounds copper produced	8,020,200	10,222,600	16,257,477
Ounces gold produced	1,454	2,490	4,223

Operating costs per ton for the last four years are shown below:

	<u>1966</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>
	\$	\$	\$	\$
Mining and development	2.71	2.16	1.30	1.61
Exploration	0.56	0.60	Nil	0.20
Milling	1.11	1.08	1.07	1.12
General and Administration	0.69	0.59	0.40	0.40
Total Mine	5.07	4.43	2.77	3.33

► DEVELOPMENT AND EXPLORATION

Development footage for the year totalled 14,182 feet as compared to 14,651 in the previous year. Of the total, exploration accounted for 3,112 feet and stope preparation made up the balance of 11,070 feet.

A total of 105,474 feet of diamond drilling was done during the period of which 22,320 feet consisted of stope outline drilling and 83,154 feet exploration drilling.

No large ore bodies have been found, however small sulphide lenses on 2000' and 2600' levels have been located and further drilling is being done to ascertain the potential of these zones.

Deep drilling to the South and South-East from the 2750' level is in progress in an attempt to discover whether or not there is duplicate folding of the type that produced the known ore bodies. To date, the drills have not been able to penetrate more than 1300' which is not considered adequate to test this possibility. Heavier equipment is now being utilized to achieve deeper penetration.

GULLBRIDGE MINES LIMITED

The previously scheduled start of production for the Company's 2000 TPD copper producer was September of 1966. Because of the late arrival of equipment, start-up was delayed several months. Following unsuccessful attempts to improvise in the crushing plant, and thereby supply the mill with a reasonable tonnage, the missing equipment was finally received and made operational in mid-January. Tune-up of surface and underground production facilities got underway in January. The average daily tonnage treated during the first three months at 607, 1034 and 1476 is progressing satisfactorily toward the planned rate of 2000 tons per day.

► MINING

During the year, the crusher station was completed and the underground crusher installed.

The main work in the mine was centred around stope development. Total development was 15,183 feet as shown in the following table:

DIRECTORS' REPORT (cont'd)

	<u>1966</u>	<u>To Date</u>
No. 1 Shaft	—	1,080'
Level Stations	—	567'
Cross cuts and Drifts	11,782'	18,174'
Raises	2,896'	4,158'
Crusher Station	505'	505'

Ore and waste hoisted during the year consisted of 48,497 tons of ore and 33,505 tons of waste. The ore stock pile at the year end contained 53,866 tons.

Total diamond drilling for ore outline purposes amounted to 46,993 feet. No milling took place in 1966 and because no exploration was carried out during the year, there was no change in total ore reserves.

► CONSTRUCTION

All construction work on the mill was completed and all equipment in and tested at year end with the exception of No. 1 cone crusher.

At Goodyear's Cove in Hall's Bay, fill for a dock area was completed and an approach road was constructed to connect with the Trans Canada Highway. The site for the concentrate storage shed was leveled, and concrete foundations were poured. By year end, the shell of the building was up and closed in and is now completed. The dock is presently being constructed by the Federal Department of Public Works scheduled for completion during the Summer of 1967.

In the townsite, sixteen family units plus a two room school were completed and occupied.

Two coffer dams were built between the main land and Burnt Island in Gull Lake. These contained 140,973 cubic yards of fill and are part of the system to dam off and drain part of the lake over the orebody in preparation for open pit mining in this area.

TILT COVE POWER CORPORATION LIMITED

A copy of the Tilt Cove Power Corporation Limited financial statements for the year ended December 31, 1966 are included herewith. The Power Corporation has operated at cost since the date it was purchased by First Maritime Mining Corporation Limited. This Company, in large part, is the source providing the electric power required for the operation of your Company's Mine and Townsite at Tilt Cove.

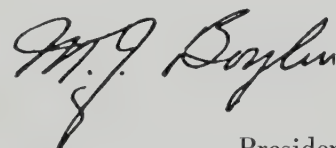
BATHURST, NEW BRUNSWICK PROPERTIES

The two mining properties of your Company comprising a total of 1806 acres adjacent to the north and south of the No. 6 property of Brunswick Mining and Smelting Corporation Limited near Bathurst, New Brunswick, are continued in good standing.

ACKNOWLEDGMENTS

Your Directors wish to acknowledge the co-operation and assistance of the Government of Canada and the Government of the Provinces of Newfoundland and New Brunswick. They also again express their appreciation for the loyal and able services rendered during the year by the Mine Managers, Staff and Employees at the Tilt Cove Mine and the Gullbridge property.

On behalf of the Board of Directors,

A handwritten signature in dark ink, appearing to read "M.J. Doyle". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

President.

Toronto, Ontario.

April 24, 1967.

BALANCE SHEET

December 31st, 1966

(With comparative figures for 1965)

FIRST MARITIME MINING

(No Pers

(Incorporated under

	ASSETS	1966	1965
CURRENT		\$	\$
Cash		15,484	—
Net estimated amount receivable from sale of mineral concentrates (Note 1)		1,161,614	4,150,446
Accounts receivable		67,714	29,576
Special refundable corporation tax and accrued interest		18,670	—
Prepaid expenses		16,004	8,456
		<u>1,279,486</u>	<u>4,188,478</u>
INVESTMENTS			
Shares in and advances to subsidiary companies (Note 2)		9,043,755	5,444,224
Shares in other companies (Quoted market value \$18,366,854 — 1965 \$30,933,648) (Note 3)		5,675,422	5,675,422
		<u>14,719,177</u>	<u>11,119,646</u>
FIXED			
Land, mining grants and mining licenses, at cost (Note 4)		1,341,576	1,341,576
Buildings, surface structures and equipment, at cost, less accumulated depreciation of \$7,538,950 (1965 — \$6,697,653) (Note 5)		947,651	1,764,494
		<u>2,289,227</u>	<u>3,106,070</u>
MISCELLANEOUS AND DEFERRED			
Materials and supplies on hand and in transit, at cost		457,293	560,148
Mine development expenses, less amortization (Note 6)		148,469	147,503
		<u>605,762</u>	<u>707,651</u>
		<u>18,893,652</u>	<u>19,121,845</u>

THE NOTES ATTACHED FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Approved on behalf of the Board:

M. J. BOYLEN, Director.

R. J. ISAACS, Director.

CORPORATION LIMITED

ility)

s of New Brunswick)

LIABILITIES

1966

1965

CURRENT

\$

\$

Bank overdraft	—	30,314
Bank loans, secured	3,060,375	2,498,219
Accounts payable and accrued liabilities	848,087	924,318
	<u>3,908,462</u>	<u>3,452,851</u>

LONG TERM

6% Convertible debentures, due June 1st, 1969	<u>2,500,000</u>	<u>2,500,000</u>
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COMMITMENT

(Note 8)

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized:

7,000,000 Shares of \$1.00 par value

Issued:

5,000,000 Shares	5,000,000	5,000,000
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CONTRIBUTED SURPLUS

Balance, end of year, unchanged	8,638,072	8,638,072
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DEFICIT

Balance, end of year	(1,152,882)	(469,078)
	<u>12,485,190</u>	<u>13,168,994</u>
	<u>18,893,652</u>	<u>19,121,845</u>

Submitted with our Report to the Shareholders dated March 17th, 1967.

SNYDER, CRAIG & CO.,

Chartered Accountants.

CHARTERED ACCOUNTANTS

330 BAY STREET

TORONTO
CANADA

To the Shareholders of

FIRST MARITIME MINING CORPORATION LIMITED,
(No Personal Liability)

Bathurst, New Brunswick.

We have examined the Balance Sheet of First Maritime Mining Corporation Limited (No Personal Liability) as at December 31st, 1966, the Statements of Profit and Loss, Deficit and Source and Application of Funds for the year ended on that date, and the Notes to the Financial Statements. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

No financial statements of Newfoundland Gull Lake Mines Limited, a wholly-owned subsidiary, are available for fiscal periods up to and including December 31st, 1966. We are therefore unable to express an opinion on the value of this investment.

Subject to the above limitation, in our opinion, the attached Balance Sheet, Statements of Profit and Loss, Deficit, Source and Application of Funds, and the Notes to the Financial Statements present fairly the financial position of the Company as at December 31st, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the previous year.

The extent of your Company's interest in and advances to subsidiary companies is set out in Note 2 of the Notes to the Financial Statements. The accounts of these subsidiaries have not been consolidated with, nor have any losses incurred by these subsidiaries been provided for in the accounts of the parent company. The amount of the loss incurred by Tilt Cove Power Corporation Limited, the operating subsidiary, since the date of acquisition is estimated at approximately \$350.

SNYDER, CRAIG & CO.

Chartered Accountants.

Toronto, Canada,
March 17th, 1967.

FIRST MARITIME MINING CORPORATION LIMITED

(No Personal Liability)

NOTES TO FINANCIAL STATEMENTS

December 31st, 1966

AMOUNT RECEIVABLE FROM SALE OF MINERAL CONCENTRATES

1. Mineral concentrates produced have been sold to an independent processor. Final determination of the amount receivable is reported to the Company by the processor in the fourth month following the placing of the mineral concentrate into process.

INVESTMENTS	<i>Interest Held %</i>	<i>Shares at Cost \$</i>	<i>Advances \$</i>
2. Non-operating subsidiaries			
Gullbridge Mines Limited and Newfoundland Gull Lake Mines Limited	100	1,534,369	7,261,930
Operating subsidiary			
Tilt Cove Power Corporation Limited	100	300,000	(52,544)
		<u>1,834,369</u>	<u>7,209,386</u>
		7,209,386	
Per Balance Sheet		<u>9,043,755</u>	

3. Other companies

Brunswick Mining and Smelting Corporation Limited (1,933,353 shares having a quoted market value of \$18,366,854)	22.6	<u>5,675,422</u>
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LAND, MINING GRANTS AND MINING LICENSES

4. These assets are comprised of:	<i>Cost \$</i>
In the Province of Newfoundland:	
Land and surface properties	39,020
Mining and land grants at Tilt Cove, Green Bay District	1,182,556
In the Province of New Brunswick:	
2 Mining licences in the Parish of Bathurst, County of Gloucester	120,000
Per Balance Sheet	<u>1,341,576</u>

NOTES TO FINANCIAL STATEMENTS (cont'd)

DEPRECIATION AND MINE DEVELOPMENT PROVISIONS

5. Depreciation has been provided on all buildings, surface structures and equipment at the rate of 10% per annum from commencement of production, September 1st, 1957, to date.
6. Development expenses on the Company's Newfoundland properties have been completely written off, the balance remaining being development expenses on the Company's New Brunswick properties.

6% CONVERTIBLE DEBENTURES

7. The 6% debentures, maturing June 1st, 1969, are convertible on or before June 1st, 1968 into shares of the Company at the rate of one share for each \$2.50 of principal. The debentures are secured by a floating charge on the Company's assets and are redeemable at par plus accrued interest on thirty days' written notice to the registered holders thereof.

COMMITMENT

8. The Company is committed to making contributions to the Roman Catholic and Amalgamated School Boards of the town of La Scie, Newfoundland, to a total of \$40,000 and payable in four instalments of \$10,000 each in the years 1967, 1968, 1969 and 1970.

CAPITAL STOCK

9. On August 18th, 1966, supplementary letters patent were issued increasing the authorized capital of the Company from \$6,000,000 to \$7,000,000 by the creation of an additional 1,000,000 shares with a par value of \$1 each.

FUTURE FINANCING

10. Falconbridge Nickel Mines, under existing agreements, has the right to participate to the extent of one-third of any future financing which might be arranged by the Company.

FIRST MARITIME MINING CORPORATION LIMITED

(No Personal Liability)

STATEMENT OF PROFIT AND LOSS

For the year ended December 31st, 1966
(With comparative figures for 1965)

	1966 \$	1965 \$
INCOME		
Gross metal production	4,507,141	4,690,582
Less: Marketing costs	671,209	846,606
Net metal production	<u>3,835,932</u>	<u>3,843,976</u>
OPERATING EXPENSES		
Mining	2,129,295	1,971,821
Milling	718,500	777,794
Mine general expenses	329,575	305,803
Administrative expenses	93,351	113,238
	<u>3,270,721</u>	<u>3,168,656</u>
NET PROFIT on operations before provision for depreciation and provincial mining tax	<u>565,211</u>	<u>675,320</u>
PROVISION FOR		
Depreciation of fixed assets	848,660	845,952
Provincial mining tax	—	5,000
	<u>848,660</u>	<u>850,952</u>
NET LOSS on operations	<u>283,449</u>	<u>175,632</u>
FINANCIAL EXPENSES		
Interest on debentures	150,000	150,000
Other interest	222,633	57,863
Foreign exchange	28,560	1,373
	<u>401,193</u>	<u>209,236</u>
NET Loss for the year	<u><u>684,642</u></u>	<u><u>384,868</u></u>

FIRST MARITIME MINING CORPORATION LIMITED

(No Personal Liability)

STATEMENT OF DEFICIT

For the year ended December 31st, 1966

(With comparative figures for 1965)

	1966 \$	1965 \$
Balance, beginning of year	469,078	55,183
Add: Loss on disposal of fixed assets	(1,938)	29,027
Net loss for the year	684,642	384,868
Reorganization expenses	1,100	—
Balance, end of year	<u>1,152,882</u>	<u>469,078</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31st, 1966

(With comparative figures for 1965)

	1966 \$	1965 \$
SOURCE OF FUNDS		
Net loss	684,642	384,868
Depreciation of fixed assets	848,660	845,952
Funds applicable to operations	<u>164,018</u>	<u>461,084</u>
Reduction of material and supplies	<u>102,855</u>	<u>—</u>
	<u>266,873</u>	<u>461,084</u>
APPLICATION OF FUNDS		
Advances to subsidiaries	3,599,531	1,987,105
Purchase of fixed assets	29,879	235,158
Increase in material and supplies	—	238,343
Expenditures on non-producing properties	966	7,929
Reorganization expenses	1,100	—
	<u>3,631,476</u>	<u>2,468,535</u>
Resulting in a decrease in working capital	3,364,603	2,007,451
Working capital, beginning of year	<u>735,627</u>	<u>2,743,078</u>
Working capital, end of year	<u>(2,628,976)</u>	<u>735,627</u>

SNYDER, CRAIG & CO.

CHARTERED ACCOUNTANTS

CABLE ADDRESS "JNOCRAIG"
TELEPHONE EMPIRE 6-9444

330 BAY STREET

TORONTO
CANADA

To the Shareholders of

GULLBRIDGE MINES LIMITED,

Toronto, Ontario.

We have examined the Balance Sheet of Gullbridge Mines Limited as at December 31st, 1966 and the Statements of Mine Development and Source and Application of Funds for the year ended on that date. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the attached Balance Sheet and Statements of Mine Development and Source and Application of Funds present fairly the financial position of the company as at December 31st, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

SNYDER, CRAIG & CO.

Chartered Accountants.

March 15th, 1967.



GULLBRIDGE M

(Incorporated under the laws of the Province of Newfoundland)

BALANCE SHEET

December 31, 1966

(With comparative figures for 1965)

ASSETS

	1966 \$	1965 \$
CURRENT		
Cash	8,253	—
Accounts receivable	39,887	34,783
Prepaid expenses	13,146	16,875
	<u>61,286</u>	<u>51,658</u>
FIXED		
In the Province of Newfoundland:		
16 Fee simple mining grants at Great Gull Lake, at cost	38,012	38,012
Buildings, surface structures and equipment, at cost	4,316,580	1,252,182
Construction in process	523,810	927,239
	<u>4,878,402</u>	<u>2,217,433</u>
MISCELLANEOUS AND DEFERRED		
Materials and supplies on hand and in transit, at cost	525,325	449,813
Mine development expenses	3,858,953	2,318,212
	<u>4,384,278</u>	<u>2,768,025</u>
	<u>9,323,966</u>	<u>5,037,116</u>

NOTE:

Cumulative dividends at a fixed rate of five cents per share on Class A shares are in arrears from January 1st, 1953. In the event of liquidation, dissolution or wind-up of the company, holders of Class A shares are entitled to receive for their shares \$1 per share plus unpaid dividends to date prior to any claims of Class B shareholders.

Approved on behalf of the Board:

M. J. BOYLEN, Director.

G. L. MOORE, Director.

MINES LIMITED

(Incorporated under the
Laws of Ontario)

STATEMENT OF FINANCIAL POSITION

March 31, 1966

(Amounts in dollars unless otherwise stated)

LIABILITIES		
	1966	1965
CURRENT	\$	\$
Bank overdraft	—	11,177
Accounts payable and accrued liabilities	1,268,734	665,653
	<u>1,268,734</u>	<u>676,830</u>
ADVANCE FROM PARENT COMPANY		
First Maritime Mining Corporation Limited	<u>7,261,930</u>	<u>3,551,460</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
Authorized:		
500,000 Class A cumulative, non-voting shares without par value, not to exceed in the aggregate \$500,000 and redeemable at not more than \$1 per share		
3,000,000 Class B shares without par value, not to exceed in the aggregate \$3,000,000		
Issued:		
500,000 Class A shares (Note)	25,000	25,000
2,500,000 Class B shares	946,959	946,959
	<u>971,959</u>	<u>971,959</u>
DEFICIT		
Balance, beginning of year	163,133	92,192
Add: Loss on disposal of fixed assets	15,524	70,941
Balance, end of year	<u>178,657</u>	<u>163,133</u>
	<u>793,302</u>	<u>808,826</u>
	<u>9,323,966</u>	<u>5,037,116</u>

Submitted with our Report to the Shareholders dated March 15th, 1967.

SNYDER, CRAIG & CO.,
Chartered Accountants.

GULLBRIDGE MINES LIMITED

STATEMENT OF MINE DEVELOPMENT EXPENSES

For the year ended December 31st, 1966

(With comparative figures for 1965)

	1966 \$	1965 \$
Balance, beginning of year	2,318,212	1,359,586
Expended during the year		
Administration	49,739	29,668
Drifting and crosscutting	475,939	123,905
Haulageways	30,282	74,719
Geological exploration	—	2,427
Land clearing	1,049	3,111
Loading and spill pockets	—	21,346
Long hole drilling	61,593	—
Milling	12,949	—
Mine office overhead	427,335	249,556
Ore and waste passes	91,240	53,736
Pumping and grouting	58,897	44,245
Shaft sinking and preparation	—	160,618
Station cutting	22,496	74,510
Stope preparation	177,063	37,616
Underground diamond drilling	132,159	83,169
	1,540,741	958,626
Balance, end of year	3,858,953	2,318,212

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31st, 1966

(With comparative figures for 1965)

	1966 \$	1965 \$
SOURCE OF FUNDS		
Advances from parent company	3,710,470	2,109,052
APPLICATION OF FUNDS		
Mine development expenses	1,540,741	958,626
Purchase of fixed assets	2,676,493	1,288,046
Increase in materials and supplies	75,512	320,142
	4,292,746	2,566,814
Resulting in a decrease in working capital	(582,276)	(457,762)
Working capital, beginning of year	(625,172)	(167,410)
Working capital, end of year	(1,207,448)	(625,172)

LOFTUS A. ALLEN & COMPANY

CHARTERED ACCOUNTANTS

SUITE 235 - 48 YONGE STREET

TORONTO 1, CANADA

TELEPHONE
363-8348

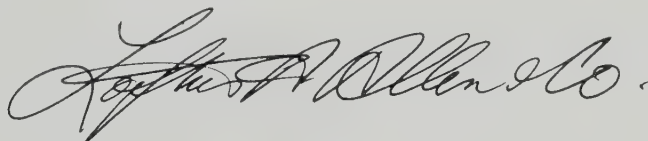
AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of

TILT COVE POWER CORPORATION LIMITED

as at December 31, 1966 and the statement of profit and loss for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of profit and loss present fairly the financial position of the company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Toronto, Ontario,
April 6, 1967.

Chartered Accountants

TILT COVE POWER CORPORATION LIMITED

(Incorporated under the Laws of Ontario)

BALANCE SHEET As at December 31, 1966

ASSETS

CURRENT ASSETS

Cash	\$	6,092	
Accounts receivable		2,447	
Stores and supplies		10,814	
Prepaid insurance		6,098	\$ 25,451

Advance to First Maritime Mining Corporation Limited			52,544
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FIXED ASSETS — at cost

Leased lands	\$	1	
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Buildings and plant

Site clearing and foundations	\$	71,906	
Building superstructure		49,234	
Machinery and equipment		724,598	
Offsite machinery and equipment		37,160	
Furniture, fixtures, tools and moveable equipment		870	

	\$ 883,768		
Less: Accumulated depreciation	676,609	207,159	207,160

Organization expense			785
			<u>\$ 285,940</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$	41,293	
Wages payable		3,294	\$ 44,587

Shareholders' Equity

Capital

Authorized and Issued

500,000 Common shares without par value	\$	250,001	
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Deficit

Unchanged since December 31, 1962		8,648	241,353
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\$ 285,940

Approved on behalf of the Board:

M. J. BOYLEN, Director.

G. L. MOORE, Director.

Auditors' Report attached

TILT COVE POWER CORPORATION LIMITED

STATEMENT OF PROFIT AND LOSS

For the year ended December 31, 1966

REVENUE

Power	\$ 311,695	
Steam	63,343	\$ 375,038

OPERATING EXPENSE

Bunker "C" Oil	\$ 206,844	
Wages	48,712	
Supplies and spare parts	13,748	
Miscellaneous operating expense	5,316	
Employee benefits	2,808	\$ 277,428

ADMINISTRATIVE AND GENERAL EXPENSE

Office maintenance and expense	\$ 3,713	
Travelling	522	
Insurance	4,377	
Taxes	85	8,697

OPERATING PROFIT		\$ 88,913
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FINANCIAL EXPENSE

Bank charges and interest		130
		\$ 88,783

DEPRECIATION

On buildings and plant		88,783
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NET PROFIT OR LOSS FOR THE YEAR		\$ Nil
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